

PENAL SUM—Continued

| Type of bond | Basis | Minimum | Maximum |
|---|--|----------------|----------------|
| (iv) Distiller, warehouseman, processor and bonded wine cellar. | The sum of the amount of tax calculated in (a)(1)(vi) and with respect to bonded wine cellar operations, the amount of tax on wines and wine spirits possessed and in transit. | 16,000 | 300,000 |
| (b) Area operations bond: | The penal sum shall be calculated in accordance with the following table: | | |
| Total penal sums as determined under (a) | Requirements for penal sum of area operations bond | | |
| Not over \$300,000 | 100 percent. | | |
| Over \$300,000 but not over \$600,000. | \$300,000 plus 70 percent of excess over \$300,000. | | |
| Over \$600,000 but not over \$1,000,000. | \$510,000 plus 50 percent of excess over \$600,000. | | |
| Over \$1,000,000 but not over \$2,000,000. | \$710,000 plus 35 percent of excess over \$1,000,000. | | |
| Over \$2,000,000 | \$1,060,000 plus 25 percent of excess over \$2,000,000. | | |
| (c) Withdrawal bond: | | | |
| (1) One plant qualified for distilled spirits operations. | The amount of tax which, at any one time, is chargeable against such bond but has not been paid. | 1,000 | 1,000,000 |
| (2) Two or more plants in a region qualified for distilled spirits operations. | Sum of the penal sums for each plant calculated in (c)(1) of this section. | ⁽¹⁾ | ⁽²⁾ |
| (d) Unit bond: | | | |
| (1) Both operations at a distilled spirits plant (and any adjacent bonded wine cellar) and withdrawals from the bonded premises of the same distilled spirits plant. | Total penal sums of (a) and (c)(1) of this section | 6,000 | 1,300,000 |
| (2) Both operations at two or more distilled spirits plants (and any adjacent bonded wine cellar) within the same region and withdrawals from the bonded premises of the same distilled spirits plants. | Total penal sums of (b) and (c)(2) of this section in lieu of which given. | ⁽³⁾ | ⁽⁴⁾ |

¹ Sum of the minimum penal sums required for each plant covered by the bond.

² Sum of the maximum penal sums required for each plant covered by the bond. (The maximum penal sum for one plant is \$1,000,000.)

³ Sum of the minimum penal sums for operations and withdrawal bonds required for each plant covered by the bond.

⁴ Sum of the maximum penal sums for area operations bonds and withdrawal bonds required for the plants covered by the unit bond.

(Sec. 805(c), Pub. L. 96–39, 93 Stat. 276 (26 U.S.C. 5173))

[T.D. ATF–198, 50 FR 8464, Mar. 1, 1985; 50 FR 23410, June 4, 1985]

§ 19.246 Strengthening bonds.

In all cases when the penal sum of any bond becomes insufficient, the principal shall either give a strengthening bond with the same surety to attain a sufficient penal sum, or give a new bond to cover the entire liability. Strengthening bonds will not be approved where any notation is made thereon which is intended, or which may be construed, as a release of any former bond, or as limiting the amount

of any bond to less than its full penal sum. Strengthening bonds shall show the current date of execution and the effective date.

(Sec. 201, Pub. L. 85–859, 72 Stat. 1394, as amended (26 U.S.C. 5551); sec. 805(c), Pub. L. 96–39, 93 Stat. 276 (26 U.S.C. 5173))

NEW OR SUPERSEDING BONDS

§ 19.247 General.

New bonds shall be required in case of insolvency or removal of any surety,